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S E C R E T SECTION 01 OF 05 KUWAIT 001976

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TAGS: [PREL](#) [PHUM](#) [PGOV](#) [MARR](#) [ECON](#) [EAID](#) [CVIS](#) [IZ](#) [KU](#) [TERRORISM](#)
SUBJECT: BACKGROUND ON KEY ISSUES FOR THE WASHINGTON VISIT
OF KUWAITI FM SHAYKH DR. MOHAMMED AL-SABAH

REF: A. KUWAIT 1947
[B](#). KUWAIT 1913
[C](#). KUWAIT 1908
[D](#). KUWAIT 1907
[E](#). KUWAIT 1900
[F](#). KUWAIT 1884
[G](#). KUWAIT 1863
[H](#). KUWAIT 1777
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[O](#). KUWAIT 1201

Classified By: Ambassador Richard LeBaron for reasons 1.4 (b) and (d)

[1](#). (C) Summary: Kuwaiti Foreign Minister Shaykh Dr. Mohammed Sabah Al-Salem Al-Sabah will arrive in Washington May 17, in advance of an anticipated July visit by the Prime Minister. Shaykh Dr. Mohammed's visit follows his participation in the Arab-South America Summit held in Brazil, and planned return to Kuwait for the May 16 vote on women's participation in Municipal Council elections. Following a strategy laid out by Prime Minister Shaykh Sabah Al-Ahmed Al-Jaber Al-Sabah after the liberation of Iraq, Kuwait continues to seek the strengthening of its economic and commercial ties with strategic partners, and the Foreign Minister will want to discuss Kuwait's progress towards a FTA. Kuwaiti fuel for OIF, which involved lengthy negotiations, may be raised in the context of security cooperation and GOK support for U.S. strategic presence in the region. The Minister will welcome reaffirmation of Kuwait's importance as a valued and trusted ally. Key topics for U.S. interlocutors include regional cooperation; counterterrorism; and democracy and human rights issues such as women's suffrage, trafficking in persons, and MEPI. Another priority is increasing the numbers of Kuwaiti students studying in the United States. End Summary.

U.S.-Kuwait TIFA

[2](#). (C) Kuwait and the U.S. signed a Trade and Investment Framework Agreement (TIFA) in February 2004, and held the first TIFA Council meeting in Washington in May 2004. Absent significant progress by the Kuwaitis, however, USTR has been reluctant to schedule a second Council meeting. The GOK contends it has made significant progress and is pushing hard for a second meeting. Also behind the GOK desire for a second meeting is its embarrassment that Oman and the UAE -- which both signed TIFAs after Kuwait -- are in FTA negotiations, while Kuwait has had just one TIFA Council meeting.

[3](#). (C) A USTR representative traveled to Kuwait March 16-17, 2005, and met with members of Kuwait's TIFA team to assess Kuwait's progress since the inaugural TIFA Council meeting (ref N). During the talks, it became clear that little reform has been achieved. Many of the proposals the GOK has made to open its economy are still in the development stage with line ministries; other draft laws languish with a Parliament that has shown little willingness to buy into the GOK's liberalization vision. The Kuwaiti team was also reluctant to allow the USG or industry groups to review draft legislation before submission to the National Assembly, thus missing a good opportunity to ensure that the laws meet FTA criteria and will not require additional changes.

[4](#). (C) The GOK seems to be under the misimpression that even without significant economic change, Kuwait will be given an FTA because it is a key U.S. ally. The Embassy and Washington agencies have tried to dispel this view and have clearly told the GOK that it will need to make measurable progress in a number of areas before we can move forward. It would be extremely useful to reinforce with the Foreign Minister that Kuwait must bring its laws into compliance with its WTO commitments. Specific steps that must be taken include: (a) elimination of the International Conformity Certification Program (ICCP), which the U.S. considers a technical barrier to trade; (b) significant improvement in

Kuwait's poor intellectual property rights protection record (Kuwait is on the Special 301 Priority Watchlist again for 2005); and (c) increased protection for labor and respect for ILO conventions. We should at the same time make it clear that the USG wants to see negotiations succeed and that we will supply technical assistance as needed through MEPI and other channels. The Ambassador has also urged the GOK to appoint (and empower) a senior figure to coordinate the GOK side and interact more effectively with U.S. agencies.

OIF/AIK Fuels

15. (C) From December 2002 - December 2004, Kuwait provided nearly \$2 billion in free fuel for U.S. and Coalition Force use in Operation Iraqi Freedom (OIF) and as Assistance in Kind (AIK) for Kuwait-specific activities under the Defense Cooperation Agreement (DCA). Through March 2004 this assistance was permitted by GOK wartime appropriations. Since April 1, 2004 the Kuwait Petroleum Corporation (KPC) has covered the fuel deliveries with a no-cost contract retroactively signed in December 2004. The GOK is now requesting payment for OIF fuel deliveries (approximately 800,000 gallons per day) made since January 1, 2005. DOD has accepted a Kuwaiti offer of heavily subsidized fuel for OIF (\$24 per barrel for jet fuel), but details of how this agreement will be implemented have not been ironed out. The GOK affirms its obligation to absorb the cost of AIK fuel (used in Kuwait by U.S. forces) as provided for in the DCA, but has withheld deliveries since January 1 pending a clear statement from CENTCOM of its use as DCA-related. Shaykh Dr. Mohammed likely believes that the fuel issue has been "solved." He intends, however, to discuss other aspects of GOK assistance to the U.S., with the objective of upgrading military cooperation.

Security and Counterterrorism

16. (S/NF) In the past 30 months, Kuwait has experienced four terrorist attacks against U.S. citizens, primarily U.S. military personnel or contractors. During the summer of 2004, Kuwait State Security (KSS) arrested several Kuwaiti males for traveling to Iraq to fight against coalition forces. They and other jihadis were recently sentenced to prison terms of up to 3 years and fines of \$10,000 (ref C). In January, KSS uncovered an extremist cell planning for attacks against U.S. military convoys, residential complexes occupied by westerners, and key GOK facilities. Security services launched an extensive search for cell members which resulted in four significant shootouts and the deaths of four police officers and nine cell members. This was the first incident of Kuwaiti-on-Kuwaiti terrorism and served as a wake-up call for GOK leaders who previously were adamant that leveraging family or tribal ties, or co-opting would-be militants, were successful tactics in dealing with terrorism. In response to these home-grown threats, the GOK passed a new arms law, launched a weapons collection program, began enforcing existing laws such as forbidding veiled women to drive, and requiring military staff to seek approval for foreign travel, and initiated a discussion on educational reform. While this particular extremist cell has been disrupted, there is still the possibility of other cells planning operations in Kuwait and some terror supporters -- Mohsin Al-Fadhli and Khaled Al-Dosari -- remain at large and wanted. Embassy Kuwait maintains an active CT dialog at the political, intelligence, and security levels; and an inter-ministry team of Kuwaitis recently participated in an ATA training course in the U.S. Nevertheless, there is room for improvement: Kuwait needs a focused, sustained approach to CT; must strengthen anti-terror finance laws; and promote coordination and cooperation among its security bodies.

17. (S/NF) Eleven Kuwaiti detainees remain at Guantanamo Bay, Cuba. Nasser Al-Mutairi, who was returned to Kuwait in January, was released on bail, without MFA concurrence, in April on humanitarian grounds (ref M). His trial is scheduled to resume June 3. While the GOK has not recently raised detainee issues with the Embassy, the Foreign Minister will raise it, partially to deal with strong domestic pressure on the issue. Securing the repatriation of the 11 Kuwaitis is a priority for the Government which faces constant criticism from Parliament on the detainee issue. The FM will seek more transparency in USG intentions to prosecute or return the Kuwaitis. The GOK has promised to detain and prosecute all detainees and considers that its recent performance on CT matters, illustrates its ability to be tough on terror. Additionally, GOK officials regularly argue that detainees have been returned to Yemen and Bahrain, countries which provide far less support to OIF and other U.S. interests, and therefore should be returned to a close ally as well. The 3-year sentences for the jihadis represent harsher penalties for terror suspects, but Post continues to question whether the GOK will sustain its firm stance against terror. At least two Kuwaitis are also detained in Iraq.

Support for Iraq

18. (C) Kuwait has been an indispensable ally in U.S. and coalition efforts to promote peace, stability and democracy to Iraq, and should be thanked for its continued assistance. Before, during, and after Operation Iraqi Freedom (OIF), the GOK turned over to the U.S. more than half of its territory, diverted much of its commercial traffic from the Port of Shuaiba, allowed the use of a large percentage of the country's sole commercial airport, allowed the use of three airbases and the building of a new desert base. It extended fuel pipelines to three facilities and continues to provide in excess of \$100 million per month in fuel as assistance-in-kind. Most significantly, the GOK and its people are solidly behind the U.S. and view the success of our operations in Iraq as intertwined with their own fate. Even as a Major Non-NATO ally, Shaykh Dr. Mohammed will be looking for acknowledgment that his country is more than just a loyal friend, it is a valued and trusted ally.

19. (C) The GOK committed \$1.5 billion in aid after the liberation of Iraq, but claimed that \$1 billion was already disbursed through various types of support for coalition forces and other pre-liberation activities. The Humanitarian Operations Center (HOC) and the Kuwait Fund for Arab Economic Development (KFAED) have been the two major disbursement channels to date for the remaining funds. The HOC was set up in 2003 in order to coordinate the humanitarian campaign in Iraq and facilitate the efforts of Kuwaiti, international, governmental, and non-governmental organizations providing assistance into Iraq through Kuwait. Besides funding the operations of the HOC itself, the GOK gave the HOC \$5 million to disburse in direct humanitarian aid in Iraq, most of which it has been giving out in cash and small grants for rebuilding in Najaf. Additionally, the GOK recently began discussions with the ITG on the use of \$60 million for the construction of schools and hospitals, and refurbished the Iraqi Embassy in Kuwait (ref E). Senior officials have made supportive public comments about the new government and await the nomination of an Iraqi ambassador. We seek prompt action on the transfer of Development Fund for Iraq (DFI) assets (ref E). The Kuwait Mission to the UN is holding approximately \$78 - 80 million in DFI funds and we have encouraged the GOK to make those funds immediately available to the ITG. Contrary to the U.S. position, Kuwait maintains there is a claim on at least part of the money, but has offered to transfer a significant amount to the ITG while the claim issues is resolved. Post suggests that the Secretary raise this if the transfer has not occurred by the time of the meeting.

Democracy and Human Rights Issues

110. (C) The Prime Minister reasserted in late February the GOK commitment to securing full political rights for women. While the ultimate goal is full participation at the national level, the immediate focus has been granting women the right to vote and run for Municipal Council, a 16-member body that oversees technical issues, such as zoning, roads, and permits. A May 2 vote resulted in indecision and the National Assembly is scheduled to reconsider the matter on May 16. The passage of the measure would pave the way for female participation in Municipal Council elections in 2009 and has possible implications for National Assembly elections. Nevertheless, many women activists have called on MPs to vote against the bill, arguing that it is half-measure and the ongoing debate has turned women's rights into a political ploy (ref G). In addition to the lack of political rights, there are other gender inequalities. For example, women require a male sponsor in order to obtain a passport and are discriminated against in housing policies that favor male heads-of-household. Post suggests that USG interlocutors press the FM for a coherent plan to achieve full political rights for women.

111. (C) Kuwait is a destination country for foreign workers, most of whom hail from South Asia. They populate the service sector and are subject to exploitation. Many endure adverse work conditions and low, and occasionally no salary, because they went into debt to travel to Kuwait. Recent protests by Bangladeshi laborers over systematic non-payment of wages have renewed local and international interest in the plight of laborers in Kuwait. In response, the Ministry of Social Affairs and Labor prosecuted the employer; established a hotline for worker complaints; and set up a direct-deposit e-banking requirement to ensure workers receive salaries (ref I). Underage camel jockeys also remain a concern and in 2004, the GOK banned minors from working as jockeys and the GOK formed May 9 a committee to further examine the regulations on children's participation in camel races. The GOK recognizes there is a trafficking in persons problem and is committed to resolving it by working with the U.S. (ref J). The FM's visit presents an opportunity to reinforce the importance of this issue and identify areas for immediate

improvement, including use of the media to raise public awareness, use of robot jockeys as in Qatar and the UAE, increased funding and staffing for agencies charged with combating TIP, and amendments to the labor law to cover domestic employees.

¶12. (C) Kuwaitis have participated in MEPI and BMENA activities, and alumni of participant exchanges, among them women political activists, women entrepreneurs, and young business people, are developing into a resource for additional programming. We are working through GOK concerns about direct funding by MEPI to local NGOs. The GOK is concerned that such funding, which is illegal under current law, would open the door to unwanted Iranian links with sympathetic groups in Kuwait (ref J).

Regional Issues

¶13. (C) In March, Kuwait announced the transfer of \$40 million to the Palestinian Authority (PA), and again extended an invitation to PA President Mahmoud Abbas, who visited Kuwait in December 2004 to return soon (ref H). The GOK has expressed confidence in Abbas and members of his cabinet, specifically Finance Minister Salam Fayyad. We should encourage a resumption of diplomatic relations and a regular flow of bilateral assistance to the PA. Kuwait has, and continues, to assist the Palestinian people through contributions to the UNRWA.

¶14. (C) Kuwait and Iran have shaken hands on, but not finalized, a memorandum of understanding for Kuwait to import gas from Iran in a 25 year, \$7 billion deal. While noting the U.S.'s understanding of Kuwait's gas needs, the Ambassador explained to Ministry of Foreign Affairs U/S Khaled Al-Jarallah on May 7 that investment in Iran through such a deal could trigger ILSA sanctions (ref B). He further cautioned that timing of the MOU was poor given Iran's position on the nuclear issue. The Ambassador also told Al-Jarallah that the U.S. would approach the SAG to ask for Saudi cooperation on a stalled Qatar-Kuwait gas deal, in order to broaden Kuwait's options for gas sources. From a well-placed source at KPC, PolOff learned that Kuwait viewed Iran as a secondary source for natural gas, and asserted that Kuwait would ideally like to import gas from Qatar (ref F). The Al-Jarallah described Kuwait's gas needs as "critical," but also explained Kuwait's views that it is better to work with a troublesome and dangerous neighbor such as Iran than alienate it. The FM will be interested in the U.S. assessment of Iranian behavior, particularly on the nuclear issue.

¶15. (SBU) In April, Minister for Diwan Affairs Shaykh Nasser Mohammed Al-Ahmed Al-Sabah led a delegation on a three-day visit to Sudan to examine rebuilding the war-devastated country (ref L). U/S Al-Jarallah told the Ambassador Kuwait was ready to cooperate with Sudan on activities that would benefit the people and preferred to grant loans through the KFAED. Despite promises from the GOS to change investment laws to attract more foreign investors, Kuwait is not convinced conditions are right for direct bilateral investment. In addition to the loans, the GOK has tentatively agreed to send troops to Sudan, but not to the Darfur region. The GOK would likely request U.S. assistance for deployment to Sudan and the FM should be queried on Kuwait's intentions and timing.

Kuwaiti Students and Visas

¶16. (U) Post has begun a coordinated effort to reverse an alarming decline in the number of Kuwaiti students choosing U.S. colleges and universities (ref O). A significant percentage of current government, oil industry and private sector leadership in Kuwait hold U.S. degrees and holds the United States in very high regard. The 35 percent drop in Kuwait enrollments in the U.S. since 9/11, greater than the decline in Saudi Arabia, was alarming for two principal reasons: 1) the loss of the immediate/intensive exposure of young Kuwaitis to America and Americans, and 2) the long-term loss to the United States of a cadre of leaders in government, business, education and other sectors who receive not only a high quality education, but who understand American culture and the way Americans respond to the world. We have a strategic interest in making sure that the next generations of leaders in Kuwait have experienced the excellent educational opportunities in the U.S. Embassy Kuwait's strategy to combat this decline includes interdisciplinary group within the mission to develop and implement actions, a stronger working relationship with AMIDEAST Kuwait, links with the National Union of Kuwaiti Students, Embassy website coverage of student issues, a database of distinguished Kuwaiti alumni of American universities, expanded Consular outreach to prospective students, and aggressive lobbying of Kuwaiti officials to direct more scholarship students to the U.S.

17. (SBU) Members of the ruling family and senior officials have expressed their frustration with the requirement for a personal appearance for non-official travel. Post has attempted to address their concerns by scheduling private appointments for senior officials for biometric scanning in the Consul's office, but Kuwaitis, who consider themselves good friends and supporters of the U.S. still complain and feel slighted. Moreover, with the start of the summer travel season, the waiting period for NIV interviews has lengthened. Post is now accepting appointments for July 13. Exceptions are made for medical cases, student visa applications, and a limited number of VIPs, but with two and one-half officers handling all visa applications and the time required for clearance and review, Post can accommodate no more than 150 applications per week. We are sympathetic to the GOK's concerns, but without additional resources are unable to process applications faster. It would be helpful to be able to advise Shaykh Dr. Mohammed that additional TDY consular help will be supplied to Embassy Kuwait.

Update on Northern Oilfields Project/Major Power Project

18. (C) According to Embassy sources, the recent favorable report from the National Assembly's Finance Committee on the Northern Oilfields Project (Project Kuwait) makes it almost certain that the project will be approved by the entire National Assembly. KPC and the GOK hope to have the assembly vote on the project before the June 28 recess date which will mark the end of the legislative year. The Energy Minister is committed to the project and is making every effort to ensure its passage by year's end. The U.S. companies (Chevron, Exxon-Mobil, Occidental) involved in the three bidding consortia remain concerned about transparency in the bidding process and about the terms of the deal, once KPC is authorized to open the contract for bidding. Many U.S. companies have watched the progress of this project for a long time and hope to see movement on it soon, as an example of Kuwait's commitment to economic reform and openness to foreign investment. U.S. companies are also in the bidding process for the very large power generation project known as Al Zour North. This is a project that has been on the books for some time and for which U.S. firms will be treated as local firms, in recognition of the U.S. role in Kuwait's survival.

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